MCD PRODUÇERS 88 URB/REV. PAID UP LEASE	A33255Z4Z16	Tract No.	
	RUMENT BEFORE IT IS VIED I S LICENSE NUMBER. C, husband and wife CE OIL. GAS AND MINE	, YOU MAY REMOVE OR STRIKE ANY OF THE FOR RECORD IN THE PUBLIC RECORDS: YOUR RAL LEASE	
749	th day of March		
the agreements of Lessee herein contained hereby, grants, lease mining for and producing oil, gas, sulfur, fissionable materials a	ner one or more), whose address is 997 Po VITNESSETH: and Other Valuable Consideration (\$10.00) and lets exclusively unto Lessee for the and all other minerals (whether or not significantly), the desired and air into subsurface strata, laying pridges, tanks, telephone lines, power state and accessary to Lessee in operations to produce	& O.V.C.) in hand paid, of the royalties herein provided and of the purpose of investigating, exploring, prospecting, drilling and milar to those mentioned), conducting exploration, geologic and ipelines, establishing and utilizing facilities for the disposition of ions and other structures thereon, and on, over and across lands be, save, take care of, treat, transport and own said minerals, the	
See attached Exhibit "A" for Land Description			
whether the same be in said survey or surveys or in adjacent survey purpose of providing a more specific description of the Lease inserting, as appropriate, the applicable Acreage, Survey, Abstraction	veys. Lessor agrees to execute any subst Premises. Furthermore, Lessor authorizet, City and Plat information in the descrip	es Lessee to complete the description of the Lease Premises by ption set forth in Exhibit "A," attached hereto.	
 Without reference to the commencement, prosecution or cessation at any time of production of oil, gas or other miner herein contained to the contrary, this Lease shall be for a term of mineral is produced from said Land or land pooled therewith here 	rals, and without further payments than of <u>Three (3)</u> years from the date hereof (continued)	called "Primary Term") and as long thereafter as oil, gas or other	
Lessor into the pipeline to which the wells may be connected; Lessor into the pipeline to which the wells may be connected; Lessor into the field where produced on the date of purchase, soil computed at the well; (b) on gas, including casinghead gas extraction of gasoline or other product therefrom, the market value not exceed the amount received by Lessee for such gas computed. Lessee from such sale; and (c) on fissionable materials and all oth except that on sulfur mined or marketed, the royalty shall be Twhereunder is regulated by any governmental agency, the market value in excess of the price which Lessee may receive and retain. Let tanks, and of oil, gas and coal produced from the Lease Premises operations, and the royalty on oil, gas and coal shall be computed is capable of producing oil or gas but such well is not being producting the desired by the desired produced from the Lease Premises covered by this Lease when Lessee shall pay or tender would be entitled to receive royalty hereunder if the well was and no/100 Dollar (\$1.00) for each calendar month, or portion the Lease is not otherwise maintained, or this Lease is not released by payment of such sum, shall be made on or before the first da maintained for all accruals to such date, and thereafter on or be depository bank or, if a depository is not designated above, then above or to the last known address provided in writing to Lessee liable for the amount due but it shall not operate to terminate this	and Lessee may from time to time purchase at and Lessee may sell any royalty oil in its or other gaseous substance, produced from the early of the gas so sold of the mouth of the well, and on gas so her minerals mined and marketed, one-ter wo Dollars (\$2.00) per long ton. If the yalue or market price of such mineral or stessee shall have free from royalty or other in all operations which Lessee may could after deducting any so used. If Lessee duced and this Lease is not being maintated by Lessee) and it shall nevertheless be for make a bona fide attempt to pay or as producing, or deposit to their credit the standard which Lessee may pay hereunde the standard which Lessee may pay hereunde the standard which have free from the hory of each calendar month after expirating the force the first day of each third calendard mailed on or before the due date of pay by Lessor. Lessee's failure to properly of slease. Notwithstanding anything to the	possession and pay Lessor the price received by Lessee for such om the Land and sold or used off the Lease Premises or for the rused, provided that on gas sold by Lessee the market value shall old at the well the royalty shall be 20% of the amount realized by at heither in kind or value at the well or mine, at Lessee's election, price of any mineral or substance upon which royalty is payable abstance for the purpose of computing royalty hereunder shall not payment the use of water, other than water from Lessor's wells or duct hereunder, including water injection and secondary recovery firils a well on said Land or on land pooled therewith, which well ined otherwise as provided herein, this Lease shall not terminate, e considered that oil and gas is being produced from the Lease tender) as royalty to the parties who at the time of such payment in Bank at (which bank as agent or depository and its successors are royalty or regardless of changes in ownership or royalties) the sum of One ted on the Lease Premises, or on land pooled therewith, and this rizon, zone or formation in which the well is completed. The first on of ninety (90) days from the date the lease is not otherwise	
time to time, execute and deliver to Lessor, or to the depository b or subsurface interval or any depths thereunder and thereby be	pank, or file for record a release or release relieved of all obligations as to the rele a portion of the Lease Premises, the shut	allocated as rental for a period. Lessee may at any time, and from its of this Lease as to any part or all of said Land or of any mineral assed land, mineral, horizon, zone or formation. If this Lease is in royalty and other payments computed in accordance therewith red by this Lease immediately prior to such release.	
any portion thereof, as to oil, gas and other minerals, or any of vicinity thereof, when in Lessee's judgment it is necessary or adwith the spacing rules of the Railroad Commission of Texas, or ogas or other mineral in and under and that may be produced for tolerance of 10% thereof; and units pooled for gas hereunder shi governmental authority having jurisdiction prescribe or permit the with those prescribed or permitted by governmental regulations, amount of acreage allowed for obtaining a permit to drill a well plus the additional acreage listed in the tables in the Railroad Cobtaining a full production allowable under the applicable field	them, with any other land covered by the visable to do so in order properly to explother lawful authority, or when to do so we come the Lease Premises. Units pooled for all not substantially exceed in area 160 the creation of units larger than those specific than the contraction of the contraction of the spacing and density provisions. Commission of Texas Rule 86 (density or statewide rules for a vertical wellborn	fore, or to develop and operate the Lease Premises in compliance could, in the judgment of Lessee, promote the conservation of oil, or oil shall not substantially exceed in area 40 acres each plus a acres each plus a tolerance of 10% thereof, provided that should exified, units thereafter created may conform substantially in size ary stated herein, a unit for a horizontal well may include (i) the in the applicable field or statewide rules for a vertical wellbore, greater than 40 acres), or (ii) the amount of acreage allowed for	

Lessee may pool or combine the Lease Premises or any portion thereof, as above one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units as to any other stratum or strata, and oil units need not conform as to area with gas units. Pooling in one or more instances shall not exhaust the rights of Lessee to pool this Lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the Lease Premises is situated an instrument describing and designating the pooled acreage as a pooled unit; the unit shall become effective as provided in said instruments, or if said instrument makes no such provision, it shall become effective upon the date it is filed for record. Each unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit. Lessee may at its election exercise its pooling option as to oil, gas and other minerals before or after commencing operations for or completing an oil or gas well or wells or mine for other mineral on the Lease Premises, and the pooled unit may include, but is not required to include, land or leases upon which a well or mine capable of producing oil, gas or other mineral in paying quantities has theretofore been completed or upon which operations for drilling of a well or mine for oil, gas or other mineral have theretofore been commenced. Operations for dtilling on, or production of oil, gas or other mineral from any part of a pooled unit which include, all or a portion of the Lease Premises, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this Lease or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil, gas or other mineral from the Lease Premises whether or not the well or wells or mine be located on the Lease Premises, and the entire acreage constituting such unit or units, as to oil, gas or other minerals, or any of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this Lease; provided that if after creation of a pooled unit, a well or mine drilled on the unit area, other than on the land covered hereby and included in the unit, which well is not classified as the type of well for which the unit was created (oil, gas or other mineral as the case may be), such well or mine shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions of Paragraph 6 hereof. If an oil well on an oil unit, which includes all or a portion of the Lease Premises, is reclassified as a gas well, or if a gas well on a gas unit, which includes all or a portion of the Lease Premises, is reclassified as an oil well, the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the additional drilling and reworking provisions of Paragraph 6 hereof as to all leases any part of which are included in the unit other than the leased premises on which the well is located. For the purpose of computing royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil, gas or other minerals from each pooled unit, there shall be allocated to the Lease Premises and included in said unit((or to each separate tract DDEJET O&G Prod 88 Mod/Urb/, NSU 110507

DDEJET O&G Prod 88 Mod/Urb/, NSU 110507

Page 1 of 4

(m)

Initial:

within the unit if this Lease covers separate tracts which the unit) a pro rata portion of the oil, gas or other minerars produced from the unit after deducting that used for operations on the unit. Such allocation shall be on an acreage basis - that is, there shall be allocated to the acreage covered by this Lease and included in the pooled unit (or to each separate tract within the unit if this Lease covers separate tracts within the unit) that pro rata portion of the oil, gas or other minerals produced from the unit which the number of surface acres covered by this Lease (or in each separate tract) and included in the unit bears to the total number of surface acres included in the unit. As used in this paragraph, the words, "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the Lease Premises. Royalties hereunder shall be computed on the portion of such production, whether it be oil, gas or other minerals, so allocated to the Lease Premises and included in the unit just as though such production were from such land. Production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. Any pooled unit designated by Lessee in accordance with the terms hereof may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the Lease Premises is situated at any time after completion of a dry hole or cessation of production on said unit.

- 6. If at the expiration of the Primary Term, oil, gas, or other mineral is not being produced on the Lease Premises, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 180 days prior to the end of the Primary Term, this Lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from the Lease Premises, or from land pooled therewith. If, after the expiration of the Primary Term of this Lease and after oil, gas or other mineral is produced from the Lease Premises, or from land pooled therewith, the production thereof should cease from any cause, this Lease shall not terminate if Lessee commences operations for drilling or reworking within 180 days after the cessation of such production, but shall remain in force and effect so long as Lessee continues drilling or reworking operations on said well or for drilling or reworking of any additional well with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from the Lease Premises, or from land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660' feet of and draining the Lease Premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.
- 7. Lessee shall have the right at any time during or after the expiration of this Lease to remove all property and fixtures placed by Lessee on the Lease Premises, including the right to draw and remove all casing. When necessary for utilization of the surface for some intended use by Lessor and upon request of Lessor or when deemed necessary by Lessee for protection of the pipeline, Lessee will bury pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200') feet of any residence or barn now on the Lease Premises without Lessor's consent.
- 8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns: but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production; and no change or division in such ownership shall be binding on Lessee until forty-five (45) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this Lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.
- 9. Breach by Lessee of any obligation hereunder shall not work a forfeiture or termination of this Lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this Lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence compliance with the obligations imposed by virtue of this Lease.
- 10. Lessor hereby warrants and agrees to defend the title to the Lease Premises and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon the Lease Premises, either in whole or in part, and if Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. When required by state, federal or other law, Lessee may withhold taxes with respect to royalty and other payments hereunder and remit the amounts withheld to the applicable taxing authority for the credit of Lessor. Without impairment of Lessee's rights under the warranty in event of failure of title, if Lessor owns an interest in the oil, gas or other minerals on, in or under the Lease Premises less than the entire fee simple estate, whether or not this Lease purports to cover the whole or a fractional interest, the royalties, bonus and shut-in royalties to be paid Lessor shall be reduced in the proportion that Lessor's interest bears to the whole and undivided fee and in accordance with the nature of the estate of which Lessor is seized. Should any one or more of the parties named above as Lessor fail to execute this Lease, it shall nevertheless be binding upon the party or parties executing same. If title investigation for Lessee results in a reduction or increase of bonus consideration payable to Lessor, the resulting bonus payment shall be deemed for all purposes to be paid to Lessor on the date when Lessee's check (in substitution for any pre-delivered draft) is delivered to Lessor prior to its due date or, prior to its due date is mailed to Lessor at the last known address provided by Lessor.
- 11. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling or reworking operations thereon or on land pooled therewith or from producing oil, gas or other mineral therefrom or from land pooled therewith by reason of scarcity or of inability to obtain or to use equipment or material, or by operation of force majeure, any federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil, gas or other minerals from the Lease Premises or land pooled therewith, and the time while Lessee is so prevented shall not be counted against Lessee, anything in this Lease to the contrary notwithstanding.
- 12. Surface Use Restriction: Notwithstanding anything to the contrary contained herein, Lessee agrees that it shall have no right to use the surface of the Lease Premises to exercise any of the rights granted hereunder without first obtaining Lessor's written consent. This provision shall in no way restrict Lessee's exploration of or production from the Lease Premises by means of wells drilled on other lands but entering or bottomed on the Lease Premises. Any wells directionally or horizontally drilled or operated under the Lease Premises with bottomhole locations (for vertical wells) or with horizontal drainhole locations (for horizontal wells) on the Lease Premises shall be regarded as if the wells were drilled on the Lease Premises. Lessee agrees that any drilling under the Lease Premises shall commence at and continue at depths below five hundred feet (500') from the surface of the earth. In addition to Lessee's other rights under this Lease, Lessor hereby grants to Lessee a subsurface easement to drill and operate directional and/or horizontal wells under and through the Lease Premises to reach lands not covered by this Lease and which wells have bottom hole locations (if a vertical well) or horizontal drainhole locations (if a horizontal well) on lands not covered by this Lease or land pooled therewith. Lessee agrees that this subsurface easement shall commence at and continue at all depths below five hundred feet (500') from the surface of the earth.
- 13. Except as expressly provided above in Paragraph 3, Lessor's royalty may not be charged directly, or indirectly, with any of the expenses of production, gathering, dehydration, compression, processing, or treating the gas produced from the land that are incurred prior to the inlet of a gas pipeline evacuating gas from the Lease Premises. After delivery at said inlet, Lessor's royalty shall bear its proportionate share of all costs and expenses, including transportation, to the point of sale.
 - 14. Each singular pronoun herein shall include the plural whenever applicable.
 - 15. For convenience, this instrument may be executed in multiple counterparts and Lessor and Lessoe agree that for recording purposes their respective signature page and acknowledgments may be removed from their respective counterpart and attached to a single Oil, Gas and Mineral Lease and for all purposes and obligations hereunder this shall be considered as one single Oil, Gas and Mineral Lease.
- 16. Lessor shall, upon the request of Lessee, use its best efforts in assisting Lessee in obtaining a subordination of Deed of Trust or similar security instrument that may affect the Lease Premises. Additionally, in the event Lessor receives a notice of default, acceleration of loan, or notice of sale under a Deed of Trust or other security instrument affecting the Lease Premises, Lessor shall immediately provide copies of any such notice, and all additional relevant facts, to Lessee. In this regard, Lessor shall comply with all reasonable requests of Lessee.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

By: Mysol Described Land)

(Individually and in all Capacities for the above described Land)

Printed Name: RAMON TOWN WHITE

Printed Name: Mand Dung 2

Initial: 25' LW

Individual Acknowledgment

STATE OF TEXAS §	
COUNTY OF TAWALLY §	- * 1
GIVEN UNDER MY HAND AND SEA KRISTY WRIGHT Notary Public, State of Texas My Commission Expires January 15, 2012	Subscribed to the foregoing instrument, and acknowledged to me that he/sh cons therein expressed, and in the capacity therein stated. AL OF OFFICE, this the
SEAL:	My Commission Expires:
	Individual Acknowledgment
	appeared Famous Toda White subscribed to the foregoing instrument, and acknowledged to me that he/shons therein expressed, and in the capacity therein stated.
GIVEN UNDER MY HAND AND SEA	atte March
KRISTY WRIGHT Notary Public, State of Texas My Commission Expires January 15, 2012	Notary Public in and for the State of Texas. Signature of Notary: Which was a state of Texas.
SEAL:	(Print Name of Notary Here) My Commission Expires: 15,2012

P

Initial:_

Exhibit "A" Land Description

Lesson anthonizes Lessee to insert the Acreage, Survey, Abstract, City and Plat information below, if it is not already included. From time to time Lessee may determine that some part or all of the Lease Premises should be more specifically described, in which case Lessor agrees to execute any substitute Lease(s) or correction to Lease(s) tendered by Lessee for such re-description.

0.329 acres(s) of land, more or less, situated in the WILLIAM H SLAUGHTER Survey, Abstract No.1431 and being Blk 4 Lot 16, Quail Valley Estates, an Addition of the city of Keller, Tarrant County, Texas, according to the Plat recorded in Volume/Cabinet 388-185 Page/Slide 67 of the Plat Records, Tarrant County, Texas and being further described in that certain instrument dated 8/2/2000 and recorded in Volume 14474, Page 406, in the Official records of Tarrant County, Texas.

After Recording Return to: HARDING COMPANY 13465 MIDWAY ROAD, STE. 400 DALLAS, TEXAS 75244 PHONE (214) 361-4292 FAX (214) 750-7351

Initial:

Cw



HARDING ENERGY PARTNERS 13465 MIDWAY RD

DALLAS

TX 75244

Submitter: PETROCASA ENERGY-INC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration:

07/24/2008 07:59 AM

Instrumen\#

D208287692

160

5 PGS

\$28.00

D208287692

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: MC